

LJM APPROVAL SHEET

Approval Sheet should be used to approve Enron's participation in any transactions involving LJM Cayman, L.P. ("LJM1") or LJM2 Co-Investment, L.P. ("LJM2"). LJM1 and LJM2 will collectively be referred to as "LJM". This Approval Sheet is in addition to (not in lieu of) any other Enron approvals that may be required.

GENERAL

Deal name: Cortez

Date Approval Sheet completed: January 4, 2000

Enron person completing this form: Trushar Patel

Expected closing date: January 6, 2000

Business Unit: Enron Energy Services

Business Unit Originator: Jimmie Williams

This transaction relates to ☐ LJM1 and/or ☒ LJM2.

This transaction is ☐ a sale by Enron ☐ a purchase by Enron ☐ a co-sale with Enron ☐ a co-purchase with Enron and/or ☒ other: Investment in Cortez, LLC which holds shares in EMW Energy Services Corp.

Person(s) negotiating for Enron: Jimmie Williams, Cheryl Lipshutz

Person(s) negotiating for LJM: Michael Kopper,

Legal counsel for Enron: Vinson & Elkins

Legal counsel for LJM: Kirkland & Ellis

DEAL DESCRIPTION [Insert short description of the transaction involving/between Enron and LJM; do not describe the underlying asset or transaction.]

LJM2 will invest \$673,200 equal to 51% ownership of the Class A membership interests in Cortez, LLC with EES owning the remaining 49% of the Class A membership interests. In turn, Cortez, LLC owns 25% of the common shares (with voting rights) in EMW Energy Services Corp.

ECONOMICS [Insert short description of the Enron economics of the transaction involving/between Enron and LJM; do not describe the economics of the underlying asset or transaction.]

The Class A Members (including LJM2) will receive 100% of the cash Cortez, LLC receives in the form of dividends, distribution or other payment on the Class A Common Stock of EMW Energy Services Corp. held by Cortez, LLC until the Class A Members attain the targeted IRR. Upon LJM2 receiving their targeted return, the cash will be distributed 99.75% to EES and 0.25% to LJM2.

DASH [Attach the DASH relating to the underlying asset or transaction. Insert brief update on the DASH if the underlying asset or transaction has changed materially since the original DASH was completed.]

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"FOIA CONFIDENTIAL
TREATMENT REQUESTED
BY: ANDREW FASTOW"

GOVERNMENT
EXHIBIT

7627

Crim No. H-04-0025

ISSUES CHECKLIST

Sale Options

- a. If this transaction is a sale of an asset by Enron, which of the following options were considered and rejected:
☐ Condor ☒ JEDI II ☐ Third Party ☐ Direct Sale. Please explain: Chewco, Enserco and Rawhide considered.
- b. Will this transaction be the most beneficial alternative to Enron? ☒ Yes ☐ No. If no, please explain: _____
- c. Were any other bids/offers received in connection with this transaction? ☐ Yes ☒ No. Please explain: LJM2 was offered this investment

2. Prior Obligations

- a. Does this transaction involve a Qualified Investment (as defined in the JEDI II partnership agreement)? ☐ Yes ☒ No. If yes, please explain how this issue was resolved: _____
- b. Was this transaction required to be offered to any other Enron affiliate or other party pursuant to a contractual or other obligation? ☐ Yes ☒ No. If yes, please explain: _____


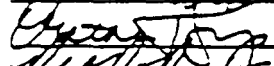
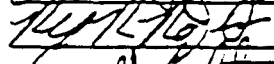
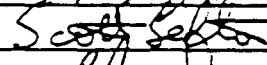
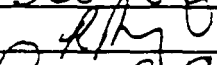
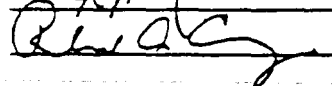
3. Terms of Transaction

- a. What are the benefits (financial and otherwise) to Enron in this transaction? ☐ Cash flow ☐ Earnings
☒ Other: New business opportunity & Deconsolidation.
- b. Was this transaction done strictly on an arm's-length basis? ☒ Yes ☐ No. If no, please explain: _____
- c. Was Enron advised by any third party that this transaction was not fair, from a financial perspective, to Enron?
☐ Yes ☒ No. If yes, please explain: _____
- d. Are all LJM expenses and out-of-pocket costs (including legal fees) being paid by LJM? ☐ Yes ☒ No. If no, is this market standard or has the economic impact of paying any expenses and out-of-pocket costs been considered when responding to items 1.b. and 3.b. above? ☒ Yes ☐ No.

4. Compliance

- a. Will this transaction require disclosure as a Certain Transaction in Enron's proxy statement? ☒ Yes ☐ No.
- b. Will this transaction result in any compensation (as defined by the proxy rules) being paid to any Enron employee?
☐ Yes ☒ No (Certain EES employees may receive compensation not directly related to this transaction)
- c. Have all Enron employees' involvement in this transaction on behalf of LJM been waived by Enron's Office of the Chairman in accordance with Enron's Conduct of Business Affairs Policy? ☒ Yes ☐ No. If no, please explain: _____
- d. Was this transaction reviewed and approved by Enron's Chief Accounting Officer? ☒ Yes ☐ No.
- e. Was this transaction reviewed and approved by Enron's Chief Risk Officer? ☒ Yes ☐ No.
- f. Has the Audit Committee of the Enron Corp. Board of Directors reviewed all Enron/LJM transactions within the past twelve months? ☐ Yes ☒ No. Have all recommendations of the Audit Committee relating to Enron/LJM transactions been taken into account in this transaction? ☐ Yes ☒ No (Audit committee has not reviewed any transactions to date).

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PROVALS	Name	Signature	Date
Business Unit	Jimmie Williams		1/5/00
Business Unit Legal	Vicki Sharp		1/5/00
Enron Corp. Legal	Rex Rogers/Robert Eickenroht		1/5/00
Global Finance Legal	Scott Sefton		1/5/00
RAC	Rick Buy		1/5/00
Accounting	Rick Causey		1/5/00
Executive	Jeff Skilling		

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